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Projected Market Performance and Pro Forma Profitability of the Spanish Pavilion

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**PROJECTED MARKET PERFORMANCE
AND PRO FORMA PROFITABILITY OF
THE SPANISH PAVILLION**

Prepared for:

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March 16, 1987

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**PROJECTED MARKET PERFORMANCE AND PRO FORMA
PROFITABILITY OF THE SPANISH PAVILLION**

Table 1, Size of the Market, shows the size of the market in Miami supporting the proposed Spanish Pavillion. The total market is projected to grow at a compounded annual rate of 3.4 percent per year. In 1992 it is projected to total 14.77 million. In that year it will be made up of 3.4 million residents in the local market (23.1 percent), 9.12 million domestic intra-state and out of state visitors (61.7 percent) and the balance out of country or international tourism (15.2 percent). Latin American and Caribbean tourism make up 12.6 percent of the total.

A predictive model of the Spanish Pavillion market performance is shown in **Table 2, Attendance Potential for Spanish Pavillion.** In this table, market penetrations ranging from 9 percent to 15 percent are applied to six sectors of the market. An aggregate attendance of 1.5 million is the result or 9.7 percent of the total market. The selected market penetrations are considered to be appropriate for a major attraction of the type contemplated representing a major investment in a prime location on the water in the heart of the City and next to the new Rouse Bayside festival center which will draw millions of visitors.

In **Table 3, Design Day Crowd,** a design day on-site crowd appropriate for 1.5 million attendance in this location is computed. Based on a peak month of 14 percent of the year, the design day on-site crowd is calculated at 4,740. **Table 4, Capacity at 120,000 Square Feet,** relates that on-site crowd to required space for the attraction which is calculated at 120,000 square feet on an approximately six acre site. This is the size of the south-east waterside corner of the exposition site.

Table 1
SIZE OF THE MARKET

<u>Market Segment</u>	<u>1986</u>	<u>1992</u>
Primary market (Dade County)	1,765,700	1,918,500
Secondary Market (Broward, Glades, Henley Counties)	<u>1,295,200</u>	<u>1,493,300</u>
Resident Market	3,060,900	3,411,800
Domestic Intra-State Visitors	3,500,000	3,500,000
Domestic Out of State Visitors	<u>3,815,100</u>	<u>5,619,600</u>
Domestic Visitor Market	7,315,100	9,119,600
Latin America	887,900	1,039,400
Caribbean	616,100	826,100
Europe & Other	<u>225,600</u>	<u>374,000</u>
International Visitors	1,729,600	2,239,500
Total Market	12,105,600	14,770,900

Source: Harrison Price Company, Census, Rouse, Miami Convention and Visitors Bureau.

Table 2
ATTENDANCE POTENTIAL FOR SPANISH PAVILLION

<u>Market Segment</u>		<u>Penetra- tion</u>	<u>Attendance</u>
Primary Market	1,918,500	15.0%	288
Secondary Market	1,493,300	10.0	149
Resident Market	3,411,800		437
Domestic Tourists	9,119,600	9.0	821
Latin American Tourists	1,039,400	12.5	130
Caribbean Tourists	826,100	10.0	83
European & Other Tourists	374,000	10.0	37
Tourist Market	12,061,200	1,071	
Total Market	15,497,200	1,508	

Source: Harrison Price Company.

Table 3
DESIGN DAY CROWD

Yearly Attendance	1,500,000
Peak Month @ 14%	210,000
Peak Week divided by 4.43	47,404
Design Day @ 20%	9,481
On-Site Crowd - 4 hour stay @ 50%	4,740

Source: Harrison Price Company.

Table 4
CAPACITY AT 120,000 SQUARE FEET

Total Gross Space	120,000 sq. ft.
Circulation Area @ 50%	60,000 sq. ft.
On-Site Capacity at 12 sq. ft./person	5,000
Site Area at 50% Coverage	240,000 sq. ft.
Site Area	5.51 acres

Source: Harrison Price Company.

In **Table 5**, Revenue Generation and Operating Profit, projected operating profit before depreciation, amortization, interest and taxes is computed for two rates of visitor per capita expenditures, \$8 and \$10. This is considered to be the range of performance appropriate for planning purposes for the project.

For the two years 1992 and 1993, projected operating profits range from \$6.97 million to \$8.72 million. These funds would be available to apply toward the development cost of the project estimated to fall in the range of \$25 million to \$30 million exclusive of land and site development costs.

The advantages and benefits of this project as a supporting out-reach program for the exposition in Seville are numerous:

- We believe the project would serve as a stimulator of attendance at the Exposition particularly through the influence of its proposed traveling exhibit in 1990/1991. An addition of 100,000 visitors to Seville (3.3 percent of the Pavillion attendance) would create a very great positive impact in Spain estimated to be on the order of \$116 million U.S. (\$75 expenditure per person per day times 7 days stay in Spain times 100,000 persons times a multiplier of 2.2).
- In a cultural sense, the site and its location within Miami would position the Spanish Pavillion as a highly visible interceptor of Hispanic movements in America. Miami reaches out to all of the Latin rooted countries in the Western Hemisphere and, like a freeway interchange, provides a main connection to the Spanish homeland.
- The Spanish Pavillion can serve as a two-way commercial point of communication, a direct conduit between markets in Spain and the Western Hemisphere.

Table 5
REVENUE GENERATION AND OPERATING PROFIT

Per Capita Expenditure	\$8.00	\$10.00
Admissions (Ave.)	4.80	6.00
Food and Drink	1.20	1.50
Merchandise	<u>2.00</u>	<u>2.50</u>
	\$8.00	\$10.00
Less Cost of Food/Drinks	(0.36)	(0.45)
Less Cost of Merchandise	<u>(1.60)</u>	<u>(1.25)</u>
Net Per Capita	\$6.64	\$8.30
Net Revenue @ 1.5MM Attendance (\$ millions)	\$9.96	\$12.45
Net Revenue 1992 and 1993) (\$ millions)	\$19.92	\$24.90
Operating Profit (Earnings before interest and depreciation and taxes) @ 35% (\$ millions)	\$6.972	\$8.715

Source: Harrison Price Company.

- The project has a basis for being developed on a self-liquidating basis for Spain with its unamortized balances being paid off in consideration for residual values inherent in the project.

Table 2
ATTENDANCE POTENTIAL FOR SPANISH PAVILLION

<u>Market Segment</u>		<u>Market Penetration</u>	<u>Attendance (000)</u>
Primary Market	1,918,500	15.0%	288
Secondary Market	<u>1,493,300</u>	10.0	<u>149</u>
Resident Market	3,411,800		437
Domestic Tourists	9,119,600	9.0	821
Latin American Tourists	1,039,400	12.5	130
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Tourist Market	12,061,200		1,071
Total Market	15,497,200		1,508

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